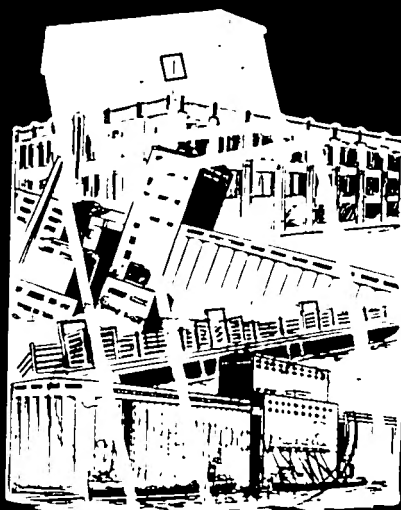


*The* SASKATCHEWAN  
**WHEAT  
POOL**



*and* ITS  
**ACCOMPLISHMENTS  
1948**



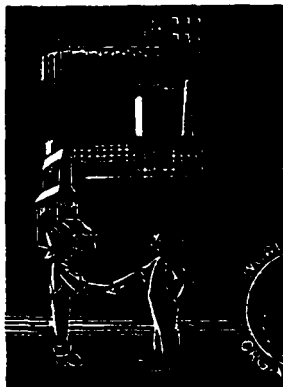
# 1924



**F**ARMERS lived isolated and lonely lives in the early days in Western Canada. They needed great self-reliance, and also a willingness to help one another. It may have been these things that caused the pioneers to realize so early that their ultimate salvation lay in organized mutual help.

Whatever the reason, the spirit of co-operation and solidarity has been strong in the West ever since the oldest settler can remember. The years have seen the farm movement grow and change to meet changing conditions and new challenges. But the spirit of co-operation has never changed. It is a spirit which asks nothing more than a square deal, and a chance for people to help themselves.

Farmers are proud of the part the Saskatchewan Wheat Pool has played in the epic of co-operative development on



# 1948

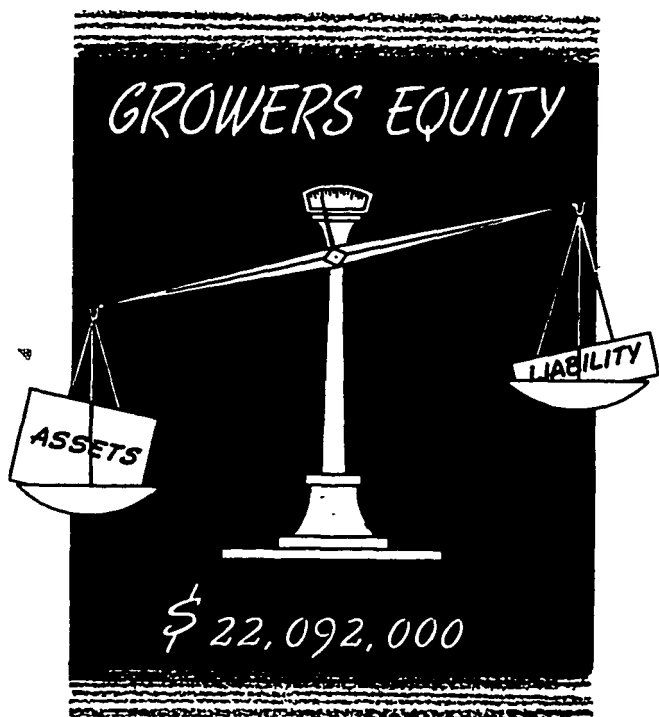
our prairies. Its members have built the Pool, from an idea and a hope, into a great organization owning elevators, industrial plants, a newspaper, and many other physical assets. All these things they know are theirs. But they have never lost sight of the fact that it is the **idea** that is important—the belief that in co-operation a just solution can be found to their economic difficulties. They have seen their belief justified, in actual practice. This booklet will try to tell, as clearly and briefly as possible, the story of the Saskatchewan Wheat Pool—what it has accomplished and what it hopes to accomplish.

To do this, there are many things that must be told. There is the financial record of the Wheat Pool's elevator operations for instance, although this record cannot by itself fully reflect the financial savings which Pool elevators have made possible for their owners, the farmers of Saskatchewan. There is the record in community service, and in service to the co-operative movement in this province and in Canada. There is the record of the Wheat Pool as a farmers' organization, fighting for better agricultural policies which would give the producer stability and a fair standard of living. There is the record of expansion into new lines of endeavour.

All these things will be dealt with in the pages to follow, but before beginning the story, one general word is necessary: What the farmers of Saskatchewan have done through their Wheat Pool they have done by working together in the spirit of co-operation. As the years have gone by co-operation has become more and more a way of life—a special approach to the problems of living. There is no limit to what can be accomplished when co-operation becomes the guiding philosophy of large numbers of people.

In spite of its impressive achievements in the past, the greatest of the Wheat Pool's accomplishments probably lies not in any particular service given or

inequity removed, but in what it has made possible for the future, by laying firm foundations of co-operative thinking.



### **Assets and Financial Position**

First let us look at the overall Wheat Pool picture in terms of financial position and the fixed assets and working capital as at July 31, 1948. There are three key figures to be considered:

1. Net value of fixed assets....	\$14,872,000
2. Amount of working capital. ....	3,665,000
3. Growers' equity.....	\$22,092,000

1. The **FIXED ASSETS** of the Wheat Pool are the actual physical properties which Wheat Pool members have built up for the carrying on of their business. Most of this property represents, of course, country elevators, and terminal elevators. But there are also substantial investments in Modern Press, industrial plant, livestock facilities, the Head Office building, and a large number of miscellaneous items.

In the table on page 5, a breakdown of these fixed assets is given. The first column shows what it cost to buy or build these assets. The second column shows the total depreciation taken, and the third column shows the net value. **This net value, amounting to \$14,872,000 represents the book value of the fixed assets and based on present day costs can be considered as low.**

In addition to the amounts shown in the table on page 5, the company was committed at the end of July, 1948, to expenditures of \$3,203,000 for work under construction and the purchase of machinery. This includes expenditure for the building of the flour mill and for milling machinery; for the building of terminal 4B to replace No. 5, which was destroyed by explosion; for the construction of the annex to Terminal No. 7, and for additional expenditures on country elevators, etc. The figure \$5,238,000 for work under construction in the table of fixed assets represents money actually spent on these projects, as at July 31, 1948. During 1947-48 the cost of construction increased very considerably.

2. The **WORKING CAPITAL** of an organization is calculated by adding together all current assets (cash, accounts receivable, etc.), that are readily available for expenditure if necessary; and deducting all current liabilities (outstanding cheques, accounts payable, etc.), in other words, those for which the company is liable for early payment. The remainder, less the contingent liability, is working capital—or funds

## FIXED ASSETS

	Original Cost \$	Depreciation \$	Book Value \$
Country elevators	17,298,000	13,360,000	3,938,000
Agent's cottages	1,225,000	565,000	660,000
Terminal elevators (Incl. sites)	7,492,000	4,064,000	3,428,000
Head Office (Building, site, equipment, etc.)	360,000	131,000	229,000
Modern Press (Building, machinery and equipment)	772,000	68,000	704,000
Vegetable Oil Plant (Building site and equipment)	346,000	37,000	309,000
Stockyards and equipment	42,000	16,000	26,000
All other (Incl. \$5,238,000 for work under construction)	6,012,000	434,000	5,578,000
Flour mill			
Stock Yards	\$2,026,000		
Terminal and Country Elevators	42,000		
	3,170,000		
	<u>\$5,238,000</u>		
TOTAL	<u>\$33,547,000</u>	<u>\$18,675,000</u>	<u>\$14,872,000</u>

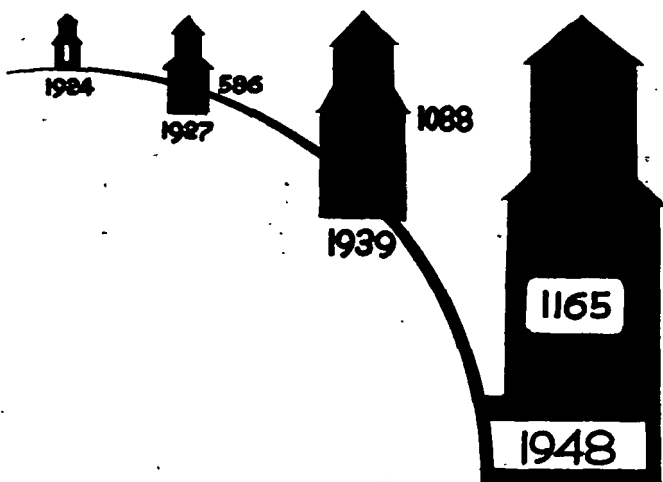
available to the company for the purposes of operation. In the case of the Wheat Pool, cash in banks and stocks of grain are major current assets; and grain tickets and cheques not yet cashed, are large items of liabilities. The working capital of the organization stood on July 31, 1948, at \$3,665,000, after allowing for the \$3,203,000 of contracted expenditure for work under construction and machinery under purchase mentioned earlier. This is a considerable reduction from a year or two previously, when undistributed surplus earnings made large additional funds available to the company in its operations. This was an abnormal situation, however. In addition, considerable capital expenditure has been undertaken, as the figures for work under construction show.

**3. GROWERS' EQUITY** is arrived at by adding together all the assets of the company and deducting from them all liabilities except those to shareholders. In practice these liabilities include only current liabilities plus the liability of \$2,915,000 on the 1929-30 Pool overpayment. The growers' equity arrived at by these calculations is \$22,092,000. It is important to remember that in calculating this equity fixed assets are counted only at their **book value**, which at present is considerably less than what they would be worth if for sale. Even at the book valuation, however, this growers' equity is greater than the total of share capital, and elevator and commercial reserve deductions, which together amount to \$18,889,000.

### **Elevator Operation**

The Pool elevator system consists of about 1,165 country elevators and three terminals. At the present time only two terminals are in operation. Terminal No. 4B, as well as an annex to No. 7, are still under construction at time of writing. A new workhouse and additional elevator space are being built, however, so that when the new equipment goes into operation, the Wheat Pool will own terminal capacity amounting to 17,568,000





bushels. There will be an increase in efficiency as a result of the new equipment. The combined capacity of the country elevator system is in the neighborhood of 60 million bushels.

The money to build this elevator system has come from two sources. These are:

1. The funds from elevator deductions which were made from grain deliveries to the Pool in the twenties at the rate of two cents a bushel for wheat.
2. The reinvestment of money accumulated in depreciation reserves over the years.

The elevator deductions, some of which are at present allocated for new construction of country and terminal elevators, amount to \$12,188,000.

On the basis of this investment of something over \$12,000,000, Saskatchewan farmers have built their great elevator system. They have also made a further investment of \$6,568,000 in commercial deductions, obtained from members between 1924 and 1928 at the rate of one per cent. of the selling price of the grain.

A little over \$2,500,000 of this amount is in liquid form as working capital, while the remainder has been invested in various ways, but mainly in the industrialization program at Saskatoon. Compare with these investments the fact that Pool elevators have paid out, in one way or another, more than \$23,500,000 to growers. This represents savings from co-operative enterprise. In addition, the Wheat Pool has paid out \$19,000,000 in principal and interest on the 1929-30 Pool overpayment and has built up about \$3,500,000 reserve funds. Here are some details:

**CASH PAYMENTS TO GROWERS  
FROM POOL ELEVATOR EARNINGS  
1925-1948**

Cash patronage dividends.....	\$12,989,000
Purchase of deductions.....	6,236,000
Farm storage paid to members (1928 crop)	306,000
Interest paid on elevator deductions (1924-25 to 1947-48)	3,379,000
Interest paid on commercial reserves.....	743,000
<b>TOTAL.....</b>	<b>\$23,653,000</b>

**Other Major Items**

Credits to Growers' Overpayment Accounts.....	\$ 2,559,000
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(The credits were made in proportion to deliveries and used to reduce growers' overpayment liabilities 1929-30 to 1937-38. In 1938 the liabilities were made a company loss and this practice was discontinued.)

Principal and Interest paid to Sask. Govt. on account of overpayment liability.....	\$18,898,000
Held by organization in Reserve Account.....	\$ 3,493,000

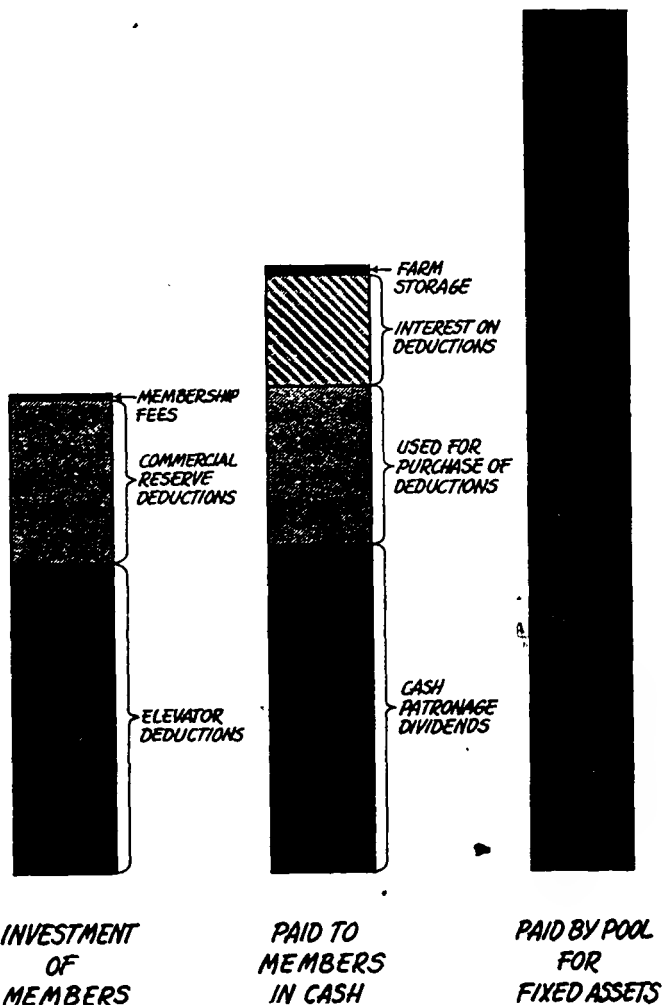
# THE FINANCIAL RECORD

## 1924-1948

\$18,889,000

\$23,653,000

\$33,547,000



The illustration on page 9 shows, in graphic form, the amounts which have been, respectively, paid in by growers as investments; paid out for fixed assets (including work under construction), and paid out to growers in cash, as at July 31, 1948, not including reduction of the overpayment debt.

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**It should be emphasized that the figures just given of the financial earnings of the Pool elevator and terminal systems do not give a full indication of the dollars and cents gains which have resulted from Pool activities. Improved marketing practices and generally lower handling charges have benefitted Pool and non-Pool farmers alike, and these savings, invisible but in sum far more important than the record of Pool earnings, can be credited to the efficient service and continued concern for the farmers' interests which the Wheat Pool has supplied.**

As an example, a table is printed at the back of this book showing handling spreads on street grain for each year since 1925. This table shows that these spreads have over the years been reduced on several occasions. The Wheat Pool can claim that it has taken the initiative in reducing handling charges, when this was possible, often advocating such a move over Line Company opposition. At other times, increases have been prevented by refusal of the Pools to go along with such action. For those years when the open market operated, it is well, too, to remember that the price actually paid to the farmer was the Winnipeg price, less handling charges, less freight, **less a varying amount depending in part upon conditions on the market.** These spreads were frequently excessive, especially for the lower grades, and the Pool elevator system did a great deal to prevent needlessly wide spreads.

### **Canada Grain Act Revised**

After strenuous efforts, the Pools were instrumental in obtaining, in 1930, a complete re-writing of the

Canada Grain Act, and a re-organization of the Board of Grain Commissioners. Improvements secured under the new Act were:

1. The right of the grower to choose the terminal to which he wishes to ship his grain.
2. A reclassification of all grades of grain.
3. A curtailment of terminal elevator mixing.
4. The raising of the outturn and export standard grades to approximate quality of primary inspection grades.
5. Improvement in the handling of special bin grains.
6. A more effective procedure by which a shipper can call for reinspection and make appeal if not satisfied with the final inspection. (Note: The Pool itself operates its own checking department as a protection to growers).

### **Settlement on a Separation Basis**

To assure to the grower all his shipment would yield, the Pools succeeded in obtaining settlement on a separation basis for the different grains in any carload which could be separated at the terminal.

## **AGRICULTURAL POLICY**

**The Wheat Pool has never confined itself to purely commercial business activities and it was never intended to do so.** When the farmers of Saskatchewan organized the Pool on a province-wide scale, and assured that it would always be controlled and owned on a democratic co-operative basis, they built more than a business. They also built a farmers' organization which can truly represent and speak for the man on the land.

## Historical Background

The main feature of Wheat Pool policy for many years has been a demand for government marketing of the wheat crop under international agreement. To make

### **The Pooling Years**

this position clear, however, a word of explanation about the early activities of the Pool is in order. The Pool was not begun primarily as an elevator business. Its first job, and its main job, was to market the farmers' wheat through annual pools which would equalize returns to Pool growers. The combined policy of the three prairie Pools was to market Pool wheat directly to customers, by-passing as far as possible trading on the speculative market. These Pools were carried on, under contracts with growers, from 1924 until 1930. Until 1929-30 things went very well, and Pool members can be shown to have received a better and fairer price than did persons selling to Line companies. It was an attempt at orderly marketing of the grain crop over the year. It was sound as far as it went. But the crash that brought down the world economy and the world wheat market with it, at the end of the twenties, showed that it didn't go far enough. It showed that the problem was a world problem, requiring measures of international co-operation for its solution, and that orderly marketing was possible only through planning extended over a period of years. Farmers therefore turned again (the years prior to formation of the Pools was the first occasion) to their demand that Canadian wheat be marketed through the single agency of a Canadian Wheat Board, thus eliminating speculative marketing. They demanded also that international marketing agreements should be negotiated which would assure not only equitable marketing arrangements at home, but planned orderly procedures on the world market. This is still Wheat Pool policy, unanimous in all three prairie provinces.

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The years of depression in the 1930s did not change, but only confirmed and strengthened, the basic policies

PRICE (Weekly Average)

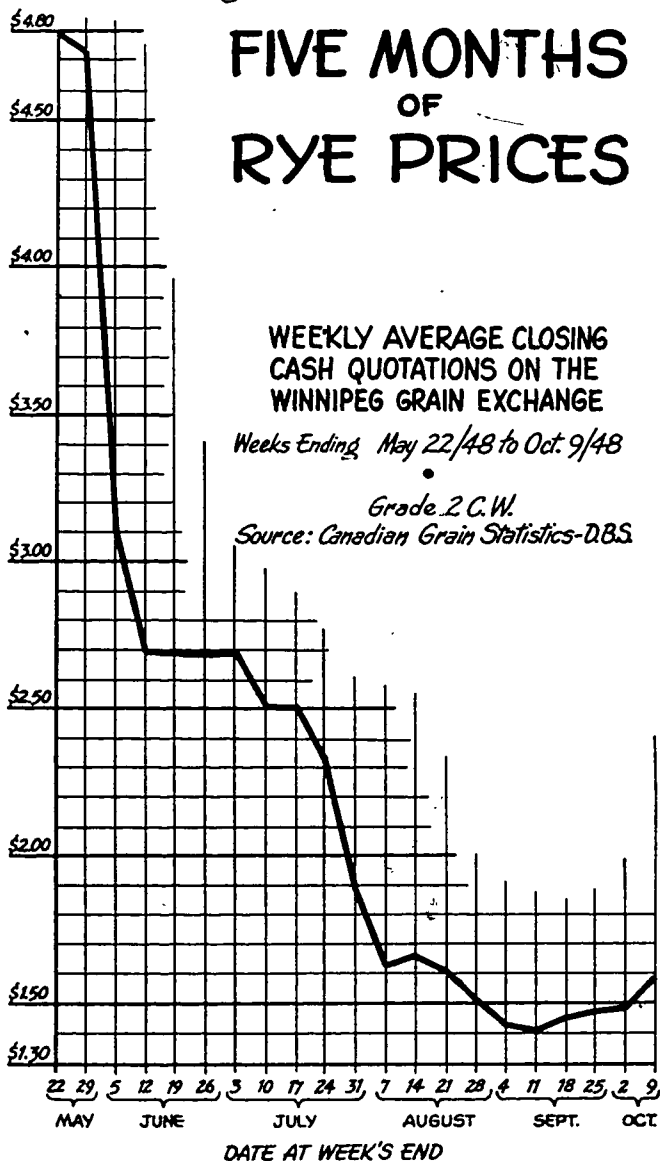
# FIVE MONTHS OF RYE PRICES

WEEKLY AVERAGE CLOSING  
CASH QUOTATIONS ON THE  
WINNIPEG GRAIN EXCHANGE

Weeks Ending May 22/48 to Oct. 9/48

Grade 2 C.W.

Source: Canadian Grain Statistics-D.B.S.



of the Wheat Pool. They were terrible years during which the economy of Saskatchewan suffered a long period of drought and low prices that well-nigh destroyed it. It was a time of great hardship, but it taught the farmers of Saskatchewan much. They were presented a picture of the speculative grain market reaching a point where it was utterly unable to cope with accumulating and "unsaleable" surpluses. (But the grain **was** all sold, when crop failure reduced reserves and forced the price up to an average of \$1.31½ for No. 1 Northern, Fort William in 1937-38.)

From 1931 the demand of the Wheat Pool was for wheat marketing to be taken over entirely by a national board. Not until 1935 was a Canadian Wheat Board created, and then not as sole marketing agency. In the meantime the organized demands of the Wheat Pools for some relief for the farmer from a hopelessly broken down marketing machinery resulted in the Dominion government buying considerable quantities of wheat as a stabilization operation. These operations saved the situation to some slight extent.

It came as a great disappointment to western growers when in 1935 the new Canadian Wheat Board was not made the sole wheat marketing agency, but only given authority to buy wheat at initial payments set each year. These payments became in effect floor prices on wheat. In 1935-36 the Board initial payment was set at 87½ cents a bushel in the face of Pool requests for 95 cents and trade representations that 70 cents was a sufficiently high price. During 1936-37 and 1937-38, 87½ cents remained the Board's initial payment, but open market prices remained well above this due to a world shortage that reduced stocks to their bare minimum. When prices dropped again in 1938-39, the Board initial payment was reduced to 80 cents. This was higher than the open market price in that year by close to 20 cents. The next

**The  
Canadian  
Wheat  
Board**



year, although open market prices showed an improvement, the Board initial payment was reduced to 70 cents, and remained at that level for three years. These three years were years of war, and rising prosperity in Canada, in which all sections of the population shared except the grain growers.

It was the view of the Wheat Pools, now shown to be correct, that the large supply of wheat being accumulated was far from being a liability to the country, but

rather an asset of great value. The open market was unable to finance these large carryovers at reasonable price levels, and farmers demanded strongly that a fair remunerative price be paid for

**The  
Wartime  
Situation** wheat, and that the government assume sole responsibility for the handling of the crop. By the fall of 1941, in the third year of the 70 cent Wheat Board initial payment, dissatisfaction with the government's wheat policy reached very large proportions. It was at this time that the Saskatchewan Wheat Pool organized a program of mass meetings throughout the province which culminated, in February, 1942, in the sending to Ottawa of a delegation of some 400 farmers and other Saskatchewan citizens, together with a petition signed by 185,000 persons. The delegation was financed by contributions from signers of the petition. It demanded an initial price of \$1 a bushel for wheat, a policy of guaranteed fair prices for farm products, the establishment of delivery quotas and improvements in P.F.A.A. What was obtained was too little, but it was something: a 90 cent initial payment for 1942-43; minimum prices for oats and barley; some amendments to P.F.A.A., and a fixed price of \$2.25 a bushel for flax.

This delegation was a high point in the history of farmer organization. It gained some immediate benefits for farmers, and it put on record in no uncertain terms the demand of farmers for security and fair treatment in the sale of their products.

It is worth noting that for the three years of 70 cent initial payments, the open market price averaged above 70 cents, but less than the final return to farmers who delivered to the Wheat Board.

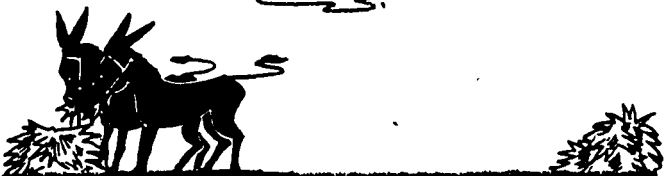
In the fall of 1943 wheat prices were rising on both the Chicago and Winnipeg exchanges. On September 28, 1943, the government announced that it would immediately take ownership of all stocks of wheat in Canada, except those on farms, and henceforth would be the sole buyer and seller of Canadian wheat. The initial Wheat Board payment was set at \$1.25 for No. 1 Northern. This move was a victory for the Wheat Pools, as it represented a fulfillment of one of their long-time demands—the elimination of speculation in Canadian wheat by making a national board the sole marketing agency.

By this time there had begun a rapid disappearance of wheat, not only for food but for feed and alcohol production. It was becoming more and more obvious that we would win the war in the not too distant future and would soon need all the food that could be scraped together. It was now clearer than ever that to view wheat supplies as unwanted surplus, and to pay less-than-cost prices, had always been an unfair and unrealistic policy.

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It would be true to say that from the middle of 1943 until the 1948 harvest the wheat situation has been marked by a steadily worsening supply position, and

**Post-War** prices, wherever they have been  
**Developments** freed of controls have, until recently, continued to rise. 1948, however, has marked a definite improvement in world wheat supplies, and sharply lower prices. Throughout this period Wheat Pool members have realized clearly that the lure of very high prices immediately must not be allowed to wreck the chances of western farmers for some arrangement whereby over a



Illustrations by RONALD MURRAY

**IT'S AN OLD STORY - CO-OPERATION IS BEST**

period of years they could be assured of stable and fair prices. Most farmers could easily recall that there had been high prices after the first war, but that these high prices had not lasted long under a system of unplanned, uncontrolled speculative marketing.

#### 1944-45

This crop year saw the end of the war and a steady reduction in world wheat supplies in spite of a record U.S. crop. Prices on the United States grain exchanges continued to rise, and in setting prices for export wheat the Canadian Wheat Board followed this trend until about June, 1945, when a halt was called as far as Canadian wheat was concerned at a price of \$1.55, No. 1 Northern, Fort William. From that time until the United Kingdom-Canada wheat contract came into effect, Canada's price to its customers remained at this figure. No opposition to this policy was expressed by the Wheat Pools, in line with their policy that not only producers, but consumers also, should be protected from extremes of prices. **At all times the Wheat Pool has made it clear that a policy of controlled and reasonable prices for wheat and livestock products should be combined with price and other controls designed to keep down the farmer's cost of living and cost of production.** Things have not turned out very satisfactorily in this regard, and the present policy of decontrol, with consequent rising prices, is in the opinion of the Wheat Pool threatening the whole balance of the economy, both as between agricultural products and as between agriculture and the rest of the economy.

#### 1945-46

Throughout this year the export price of wheat remained at \$1.55 basis No. 1 Northern, Fort William. In other directions, too, there was little change. Coarse grains ceilings remained unchanged and the Wheat Board sold wheat for domestic consumption for \$1.25, with the difference between that price and 77 3/8 cents

(the 1941 ceiling price) paid to millers by way of drawback from the Federal Treasury. In September of that year the government announced that the price of wheat would not be allowed to drop below \$1.00 during the five years from 1945-46 to 1949-50. Although this guarantee was welcome, as far as it went, it was clear that unless price levels fell considerably from their position at that time, \$1.00 would be an entirely inadequate price. There was then no way of knowing, however, how conditions would develop during the five years ahead, and it was recognized that the \$1.00 guarantee might be valuable under certain circumstances. It was evidence at least of government recognition that some measure of long term security should be given to the wheat producer.

#### **1946-47 .**

In July of 1946 the Dominion government announced the signing of the United Kingdom-Canada wheat contract, and a few days later announced the government's domestic policy. The contract covered a four-year period. Under it Britain agreed:

1. To buy at least 160 million bushels of wheat from Canada in each of the years 1946-47 and 1947-48 at a price of \$1.55 basis No. 1 Northern, Fort William.
2. To buy at least 140 million bushels of wheat from Canada in 1948-49 at a price (to be negotiated before the end of 1947) of not less than \$1.25.
3. To buy at least 140 million bushels of wheat from Canada in 1949-50 at a price (to be negotiated before the end of 1948) of not less than \$1.00.

It was provided in the contract that in setting the price during the last two years "regard" would be had to the difference between the prices under the contract during the first two years and the "world" price during

those two years. (The 1948-49 price has since been set at \$2.00).

The contract also provided that in case an international wheat agreement were signed, the terms of the agreement would take precedence over the terms of the contract.

This contract was supported by the Saskatchewan Wheat Pool. It provided a welcome step toward realizing Wheat Pool principles of stability and security, although it was recognized that no solution could be entirely satisfactory short of a truly international wheat agreement. Not only did the contract provide for reasonable prices for consumers over a period of years but it prevented a return to open market trading in wheat in Canada. It is as well to note that the present compulsory powers of the Wheat Board were introduced by the government as a necessary move in the light of the contract obligations with Britain. There is no doubt that the contract made possible a preliminary stabilization of the wheat market which has made it considerably easier for the Canadian government to support continued stabilization through International Agreement.

In the last year and a half since the contract came into effect, wheat has continued extremely scarce, probably to a greater extent than could reasonably have been anticipated. The 1947 European

<b>The</b>	harvest was very nearly the worst in the
<b>Present</b>	experience of that continent. At the same
<b>Position</b>	time customer countries have become less
	and less able to pay for food imports.

1948, however, has seen a considerable improvement in wheat production, especially in Europe, along with sharp breaks in prices in U.S. markets. With two more years of the United Kingdom contract to run, western farmers can have little doubt that in their support of four-year security under the British contract they have been on sound ground.

**Nevertheless, the Wheat Pool protests the sharp rise in costs of living and production which has followed the government's policy of de-control.** That such a rise should be allowed at the same time that wheat farmers were selling under conditions of control and stability can only be regarded as a serious blow to the welfare of the whole farm economy.

Two wrongs do not make a right, and though removal of controls on practically all things which the farmer buys have seriously upset the balance between farm and non-farm prices, this is not regarded by farmers as any reason why they should approve of a wholesale retreat from the principles of planned and orderly marketing of agricultural products. The return of oats and barley to uncontrolled speculative trading through the removal of price ceilings on these grains was therefore also opposed strongly. Upward adjustments in price can be made in an orderly fashion when needed, either by raising ceiling prices or giving a national board sole authority to buy and sell coarse grains. The decontrol of coarse grains threw the whole livestock situation into a state of confusion which, in turn, made the future of coarse grains prices very much in doubt. The price situation in coarse grains caused livestock and milk producers from coast to coast to cut their production programs drastically.

Early in 1948, the Dominion government included in the Wheat Board Act authority for the Board to control the marketing of coarse grains. So far this authority has not been used. The Dominion government takes the position that it wishes its constitutional authority to be unquestioned, and therefore asks that complementary legislation be passed in all three prairie provinces. Such legislation has already been passed in Saskatchewan, but neither Alberta nor Manitoba have followed suit.

Soon after the announcement of the U.K. contract it was also announced that for its part the Wheat Board

would set up a five-year pool for wheat covering the years 1945-46 to 1949-50. The initial price for these five years was to be \$1.35 retroactive to 1945-46 when \$1.25 had been the initial payment. Since that time the Wheat Board has been accumulating a large surplus on its operations. With the agreement on a price of \$2.00 under the U.K. contract for 1948-49, it became clear that the guaranteed initial payment over the five-year pool period could be increased substantially without the Dominion government incurring any risk of loss. The delegates of the Wheat Pool therefore asked that the initial payment be increased to \$1.55 retroactive to 1945-46. This was done and recently a further increase in the initial payment to \$1.75 per bushel has been announced.

The United Kingdom-Canada wheat contract has been faced with much vocal criticism, which has come mainly, if not entirely, from Grain Trade interests and their supporters. The opposition of the grain trade, including elevator companies, is natural. The practice of marketing by agreement through a National Board removes all prospects of lucrative gains for speculators, and elevator companies are reduced to handling grain on a flat handling charge basis. The inability to buy on their own account at prices determined on the Winnipeg futures market, removes many opportunities for profitable trading.

Farm opinion, however, has continued overwhelmingly in support of the policy of stability.

### **International Wheat Agreement**

In the realm of wheat policy the fundamental aim of the Wheat Pool has been to see established an international agreement for the marketing of wheat, such agreement to provide for stabilized prices within a limited range over a period of years, with definite undertakings by both importers and exporters as to how much wheat they are prepared to buy or sell as the case may be.



The removal of ceilings on coarse grains has shown that, had it not been for the United Kingdom contract, the speculative market for wheat would in all likelihood be operating in Canada today. Should this happen, it would become doubly difficult, if not almost impossible, to obtain any sort of International Wheat Agreement.

As it is, an agreement was negotiated and signed by 36 countries. In spite of the last minute failure of the U.S. Senate to ratify the agreement, thus removing all possibility of it going into operation in 1948-49, the negotiations were a triumph not only for the wheat producer, but for all people who want to see a prosperous world evolve on the basis of economic co-operation between nations. There is no reason to think that the long efforts of producers for a better system of marketing will not finally meet with success.

Negotiations for an International Wheat Agreement have not been entirely broken off. As this is written all the signs point to a renewal of negotiations. President Truman has pledged his administration to support of such an agreement.

The agreement which was negotiated was not a complex arrangement. Its essentials can be summed up in two parts—one outlining the obligations to be undertaken by the exporting countries, and one outlining the obligations to be undertaken by the importing countries

1. The exporters guaranteed to sell 500 million bushels of wheat annually for five years to the importers signing the agreement. They would not ask a price for this wheat greater than \$2.00 a bushel in any year. That was the ceiling price.
2. The importers guaranteed to buy 500 million bushels of wheat annually for five years from the exporters signing the agreement. They would pay for this wheat at prices not lower than the floor prices set for each year. These floor prices were: \$1.50 a bushel for 1948-49; \$1.40 for 1949-50; \$1.30 for 1950-51; \$1.20 for 1951-52;

and \$1.10 for 1952-53. All prices are basis No. 1 Northern in store at Fort William.

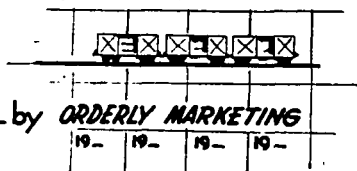
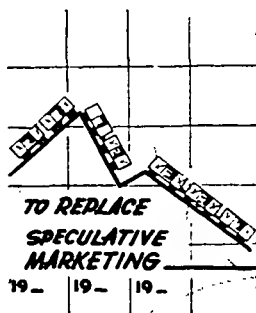
It is important to note that the agreement set floor and ceiling prices for specified quantities of wheat **and nothing more**. Between the floor and ceiling, prices were to move freely, and each country was to carry on its marketing of wheat as it had done in the past, or as it might choose to do, provided only that prices were not artificially held up by exporters or forced down by importers.

**The agreement did not aim to restrict the wheat market in any way. It aimed only to protect consumers and producers from unreasonable prices and exploitation.** It was expected that, far from being a restrictive influence on trade, the agreement would add an element of stability to the world economy which would greatly assist in making possible greater freedom and expansion of trade.

Argentina and Russia declined to take part in the agreement though there was provision in it for them to join if they wished. They would, of course, carry on business as usual with the limitation that the importers were bound to fulfill their obligations under the agreement to the exporters who signed it—Canada, Australia and the United States. The 33

importers signing the agreement included: Afghanistan, Austria, Belgium, Brazil, China, Colombia, Cuba, Czechoslovakia, Denmark, Dominican Republic, Ecuador, Egypt, French Union and Saar, Guatemala, Greece, India, Ireland, Italy, Lebanon, Liberia, Mexico, Netherlands,

## The POOL'S OBJECTIVE!



New Zealand, Norway, Peru, Phillippines, Poland, Portugal, South Africa, Sweden, Switzerland, United Kingdom and Venezuela.

## FARMER UNITY

A section of this booklet must be devoted to the question of national and international farmer organization. The greatest strength of the farm movement in Canada today probably lies in the fact that it presents a united front stretching from the Maritimes to British Columbia. This is accomplished through the Canadian Federation of Agriculture, which is composed of provincial and regional federations of farmer organizations, many of them co-operatives. The C.F.A. has grown to maturity during the years of the war, and now occupies an undisputed place as the representative of organized farmers throughout Canada.

Through its Ottawa headquarters the C.F.A. constantly presents (working in many cases with the farm organizations most directly concerned) the viewpoint of Canadian farmers on all matters affecting Canadian agriculture. **The Wheat Pool has from the first played a leading part in the formation and development of the C.F.A.** It believes that an agricultural policy that is worth while must be a **Canadian** agricultural policy.

Looking beyond the boundaries of Canada we find that the Canadian Federation is a member of the I.F.A.P.—the International Federation of Agricultural Producers. Farmer (not government) representatives of twenty countries are members of this organization, which was formed in 1946 and finally set up on a permanent basis in 1947. The I.F.A.P. will not only show that the farmers of the world understand their basic community of interests, but it will also translate that unity into definite policies and recommendations. One immediate task will be to give support, assistance and guidance to F.A.O.—the Food and Agriculture Organization of the United Nations. The I.F.A.P. has from the first made the negotiation of an International Wheat Agreement one of its first objectives.

A word about F.A.O. is also essential. This world organization, established by governments, is dedicated to the betterment of the world's food supply and the improvement of the farmer's lot. It has no other powers than advisory ones. Its interests are in the fields of nutrition, and food production and distribution. It provides the machinery necessary for a world-wide attack on the problems of food and agriculture, but the machinery is no good without the will to set it in effective operation. One task of the I.F.A.P. is to show the governments of the twenty member countries that farmers, at least, are united behind the attempt to make F.A.O. work. The signing of an International Wheat Agreement would be a great step forward toward the accomplishment of the aims of F.A.O., and one which F.A.O. itself strongly advocates.

### **The Wheat Pool 6-Point Policy**

The following is the six-point grain policy adopted by Wheat Pool delegates at their annual meeting in November, 1948. It is largely self-explanatory:

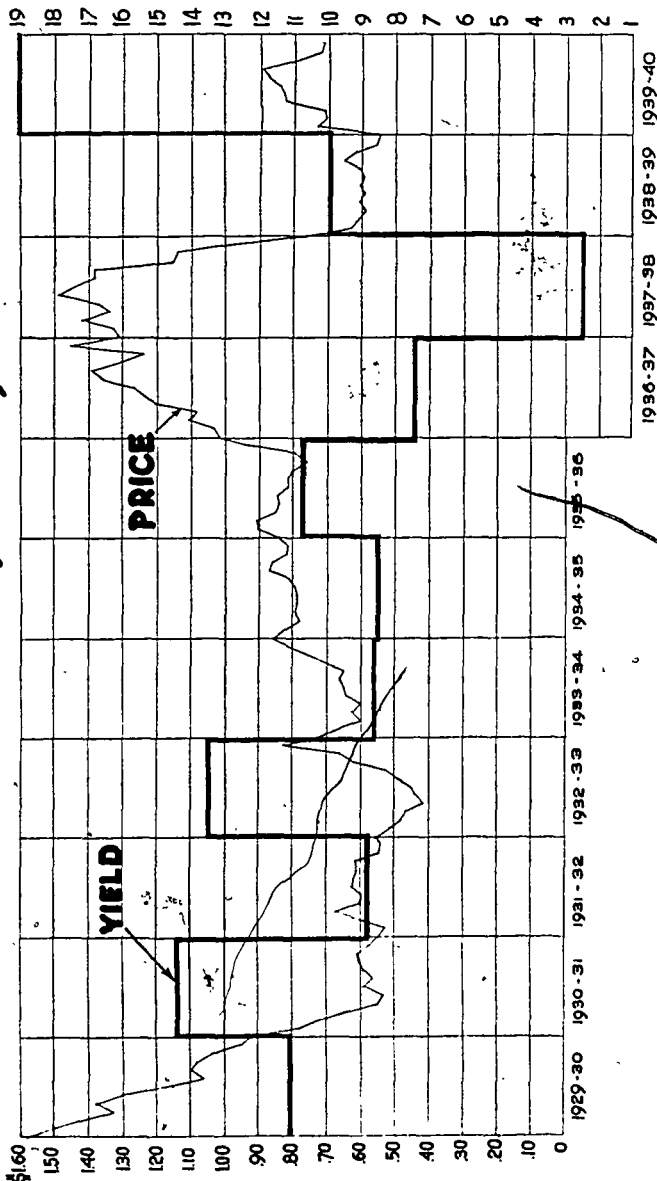
1. That the need for international agreement in the marketing of wheat is even more urgent today than at any time in recent years.

# OPEN MARKET PRICES AND CROP YIELDS IN THE 1930'S

*Where is the security in this picture?*

AVERAGE MONTHLY PRICE  
No. 1, N. F. Wm.

AVERAGE WHEAT YIELD  
IN SASKATCHEWAN



2. That the Canadian Government should continue to provide aggressive leadership in an effort to secure an international wheat agreement to become effective on 1st August, 1949.
3. That in the event of its being found impossible to conclude an international agreement, every effort should be made to extend the life of the present Canada-United Kingdom Wheat Agreement.
4. That in the event of failure to secure international agreement, additional bi-lateral agreements covering specified quantities of wheat at prices fair to the producer and to the consumer should be negotiated with those countries which are regular importers of Canadian wheat
5. That a joint effort should be made to secure the proclamation of the amendment to the Wheat Board Act so that the Wheat Board would be the sole marketing agency for coarse grains effective 1st August, 1949.
6. In the interests of a stabilized agriculture an adequate scheme of crop insurance should be worked out jointly by Dominion and Provincial authorities, the cost to be borne jointly by the Dominion and Provincial governments and by producers.

The delegates also passed the following resolution which expresses in different and perhaps blunter language, one of the main principles of Wheat Pool policy:

WHEREAS the action of the Winnipeg Grain Exchange in passing By-law No. 5, which forbids criticism by its members or any director, officer or responsible employee of any company registered at the request of the member, is contrary to the principles of free speech and democracy;

**BE IT RESOLVED** that this meeting reaffirm its unwavering opposition to the speculative trading in grain as carried on by the Winnipeg Grain Exchange, and

**FURTHER**, that we will support the Board of Directors in any action it finds necessary to take in this connection.

## **Other Policy Activities**

In addition to its major aims in the field of grain marketing, the Wheat Pool constantly works for agricultural betterment in many directions. The following is a list of some of the matters in which the Pool has interested itself recently and in past years.

A major part was played by the Wheat Pool in the framing of debt-reduction legislation which was so urgently needed in the thirties.

Through its committees, delegates, and field staff, as well as by way of financial contributions, the Pool constantly aids and promotes the development of the co-operative movement in general.

The Pool, and its Elevator Company, was the only grain handling organization that gave assistance and sympathetic support to the development of the Hudson Bay Route as an outlet for western grain.

The subject of car allotment regulations is of great importance to farmers who want to deliver to Pool elevators in times of space shortages. The Wheat Pool has done much to obtain improvement in car allotment practices.

## **LIVESTOCK**

At July 31, 1948, Saskatchewan Co-operative Livestock Producers Limited finished its fourth full year of operation since amalgamation with the Wheat Pool in May of 1944. During these four years, the outstanding feature of the livestock picture in Saskatchewan has been the drastic decline in hog marketings, from close

to two million in 1944 to less than one-half million in 1947. The down-trend seems now to have levelled off, and 1948 has shown some increase in marketings of hogs. Returns to producers have shown improvement, cattle especially benefitting to a degree by the removal (August 16, 1948) of the embargo on exports to the U.S. The livestock industry, however, cannot look forward to a period of security and stabilized production as long as the open market in coarse grains, with its fluctuating, unpredictable prices, continues to operate.

## Operations

During the year ended July 31, 1948, net earnings of Saskatchewan Co-operative Livestock Producers Limited, after making provision for income taxes, amounted to \$22,126.

Service at cost is the first requirement of a true co-operative. But the greatest advantage to marketing through the livestock pool lies in this: That by using his **own** organization the farmer obtains the **full benefit** of expert marketing service which has no other object than to serve him cheaply and efficiently. The assurance of this kind of treatment cannot be obtained in any other way. In addition, such co-operative service educates the Pool farmer in marketing problems and livestock values. Greater market knowledge among farmers will do a great deal to stabilize livestock markets.

At the 1948 annual meeting of delegates the following policies respecting livestock were laid down:

1. That the Dominion Government should undertake to secure the extension of existing bacon, beef and other food contracts with the United Kingdom as an effective means of establishing stable prices on these commodities.
2. That continued support should be forthcoming to the request of the Canadian Federation of Agriculture for the establishment of a board of livestock commissioners to administer the Livestock and Livestock Products Act.



Saskatchewan Co-operative Livestock Producers Limited owns and operates public stockyards at Regina, Swift Current and Yorkton. The Swift Current and Yorkton yards are new, having gone into operation during 1948. The organization provides central marketing services at Saskatoon, Prince Albert, and Moose Jaw, as well as at the points where it operates yards. It is also a joint owner of Canadian Livestock Co-operative (Western) Limited, along with co-operative livestock organizations in Alberta and Manitoba. The C.L.C. organization operates large public stockyards and a marketing service at St. Boniface, Manitoba.

In most areas of Saskatchewan, livestock are shipped by rail by co-operative shippers, although there is a large central region serviced by trucks, and at some points there are independent shippers and local co-operative associations through which livestock may be marketed co-operatively.

## **INDUSTRIALIZATION**

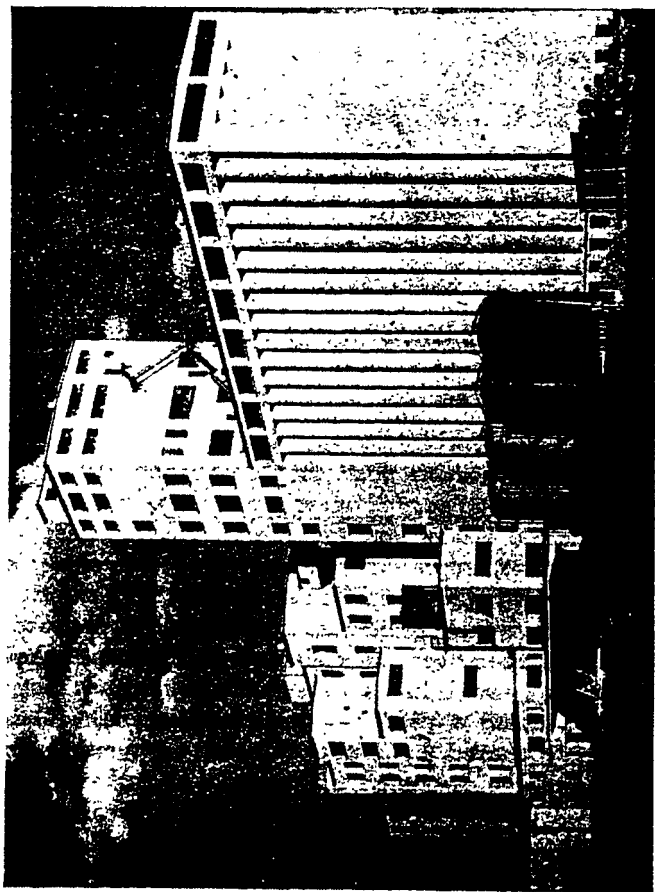
**INDUSTRIAL PROCESSING** OF farm products is the latest field of co-operative activity entered by the Wheat Pool. To date the program embraces the crushing of flaxseed, and the milling of flour and feed.

At the outset one point should be made plain. This program is being carried out with the fullest co-operation between the Wheat Pool and the province's consumer co-operatives, represented mainly by Federated Co-operatives, the provincial wholesale. There is agreement among co-operators in Saskatchewan that producer-owned co-operatives and consumer co-operatives shall, in general, avoid duplication of services and, whoever may be doing a particular job, the benefits shall be equitably shared by producers and consumers. The success of the co-operative movement in Saskatchewan in developing a high degree of co-operation between producer and consumer interests is a matter of pride to the whole co-operative movement.

**The  
Saskatchewan  
Wheat Pool**



**Flour Mill and  
Flax Plant at  
Saskatoon**



## **Flax Plant**

The flax crushing plant has now been in operation since early in 1947, and is showing efficient and profitable operation.

For the year ending July 31, 1948, net earnings of \$75,000 were made from sales of oil amounting to \$1,936,000 and sales of meal amounting to \$492,000. The plant has a crushing capacity of 1950 bushels of flax daily, from three expeller units. The products of the plant are linseed oil, used mainly in paint and linoleum manufacture, and oil cake meal, a high protein livestock feed. The raw oil output is being distributed through Inter-provincial Co-operatives Limited, the Canadian co-operative wholesale organization. Plans are approved for the early construction of a refining plant in which the oil may be further processed, increasing greatly the plant's ability to supply different types of demand.

## **Flour Mill**

The flour mill, which is expected to get into operation about the end of 1948, will be the most up-to-date available, with a capacity of 1,000 barrels of flour daily. There will also be a feed plant and one-half million bushels of storage capacity. With the opening of this mill the present small mill operated by Federated Co-operatives at Outlook will be closed by agreement with Federated Co-operatives. Distribution of flour and feed will, of course, be through co-operative channels as far as possible. Inter-provincial Co-operatives Limited will act as sales agent for the entire output.

In today's flour business, it is not enough for flour to be clean, wholesome, and white, though of course these things are essential. Flour manufacturing today might be compared to the otherwise unrelated business of making nuts and bolts. However good a particular bolt may be in itself, it is of no use to the buyer unless it is exactly the right size. Bakers and others who purchase flour also demand, not just good flour, but flour that exactly fits their needs, as regards things like ash and

protein content. The quality must be exactly uniform from day to day, month to month, and year to year, for any particular kind of flour. Also, flours must be produced on demand, to definite specifications.

Obviously, the mill does not receive wheat of uniform and exact quality. A good, efficient mill is one that is able to blend wheat and flour in such a way as to get exactly the product required. The Wheat Pool's mill is equipped with all the most modern machinery to do this, and in this respect cannot be matched by any mill in Canada.

The equipment is there to thoroughly wash, clean, and condition the wheat, and to blend wheat from different lots to get the right overall grade. At all stages of the very complicated system of grinding, separating and sifting, streams of flour can be mixed at will, with automatic control of the amounts from each stream. The result is a flour that comes up exactly to specifications. To do this, however, requires that the miller know at all times exactly the quality of all the different lots of wheat, flour, bran etc., that are going through the mill. This is made possible by laboratories, located in the mill, that conduct constant tests.

The Pool's mill is air-conditioned throughout, with exact control of moisture and temperature, also it is bright and airy. All these things are essential to making the best flour.

One special feature of the mill is its heated flour storage, where the flour is aged. This heating not only speeds up the ageing process, but makes it possible to deliver flour to bakers with the chill off, ready to be used immediately without a slow warming-up period. A final blending of the flour, to meet special needs, is possible as the flour is moved from storage to the final packing. At this stage also it is given a sifting through silk bolting cloth, as a final precaution against any foreign matter being in the flour as it is delivered.

Wheat Pool members, and customers, can be assured that this mill is capable of giving the best possible service, with maximum efficiency.

## **General**

The policy of the Wheat Pool is to keep in close and constant touch with developments in the field of industrial processing of farm products. It has had the making of starch, glucose and glycol (for anti-freeze) from wheat under close consideration for some time, and it is in this field that the Pool's next industrial undertaking may very possibly take place. This type of production would probably fit in well, technically, with the flour milling business. Projects that promise benefits for farmer and consumer, and which seem practicable, will be undertaken in the future. Close relations are maintained with the National Research Council, which maintains a well-equipped laboratory at the University of Saskatchewan for research in farm products.

## **SPECIAL SERVICES**

WHEAT POOL MEMBERS have used their organization in a number of ways to supply themselves with necessary services of several kinds. It is one of the advantages of any co-operative organization that it provides a ready means for this kind of self help. Some of the Wheat Pool services are listed below.

### **Weekly Crop Reports**

As a service to its members the Pool organized a statistical department and inaugurated a system of comprehensive weekly crop reports. These reports are now considered the most authoritative that are being issued.

### **Germination Tests**

The Pool renders great service by establishing facilities for making germination tests. Since this service was inaugurated, to July 31, 1948, 262,728 germination tests have been conducted; many samples have been

checked for grade and dockage and many more were prepared and distributed among school children. Since August, 1929, when this work was first started, to July 31, 1948, there have been 52,680 individual moisture tests made in the Pool laboratory.

### **Smut Testing**

Members may have the grain which they intend to use or sell for seed tested for smut and other seed borne diseases. This free service may be obtained by taking a sample of grain to the nearest Pool elevator agent. Tests are made by Associated Laboratory Services Limited, Saskatoon.

### **Use of Better Seed Grain**

The Pool has been responsible for the distribution of better seed and has assisted in the development of suitable varieties of wheat and other grains. It carries on a scientific province-wide program of variety testing. This annual project is made possible by Junior Co-operators who plant and care for individual tests on their farms.

### **Aids Junior Extension Work**

Among the most successful of Pool projects has been the development, in co-operation with the Extension Department of the University of Saskatchewan, of Junior Grain, Calf and Swine Clubs and Home Craft Clubs. These clubs foster in young people a greater appreciation of farm and home life.

### **Library Service**

A comprehensive lending library is maintained at Head Office. This is a useful service and one which the public appreciates.

# APPENDIX 1

## SASKATCHEWAN POOL ELEVATORS LIMITED Schedule of Handling Charges—1925-26 to 1948-49

Season		Wheat		O.	B.	F.	R.
		H.G. c	L.G. c				
1925-26	Pool	4	5	—	—	—	—
1926-27.	"	5	5	4	5	10	5
1927-28	"	4	4	3	4	10	4
1928-29	"	4	4	3	4	10	4
1929-30	"	4	4	3	4	10	4
1930-31	"	5	6	3	4½	10	4
1931-32	O.M.	4	4	3½	4	7	4
1932-33	"	4	4	3½	4	7	4
1933-34	"	4	4	3½	4	7	4
1934-35	"	4	4	3½	4	8	4
1935-36	W.B.	4½	5½	—	—	—	—
	O.M.	4	4	3½	4	8	4
1936-37	O.M.	4	4	3½	4	8	4
1937-38	O.M.	5½	5½	4½	5½	8	5½
1938-39	W.B.	4½	5½	—	—	—	—
	O.M.	5	5	4	5	8	5
1939-40	W.B.	4½	5½	—	—	—	—
	O.M.	5	5	4	5	8	5
1940-41	W.B.	4	5	—	—	—	—
	O.M.	5	5	4	5	8	5
1941-42	W.B.	4	5	—	—	8½	—
	O.M.	5	5	4	5	9	5
1942-43	W.B.	3	3	—	—	8½	—
	O.M.	—	—	2½	3	—	3
1943-44	W.B.	3	3	—	—	7½	—
	O.M.	—	—	2½	3	—	3
1944-45	W.B.	1	1	—	—	3	—
	O.M.	—	—	1	1½	—	5
1945-46	W.B.	3	3	—	—	5	—
	O.M.	—	—	3	3½	—	5
1946-47	W.B.	3	3	—	—	5	—
	O.M.	—	—	4	4½	—	5
1947-48	W.B.	3½	3½	—	—	8	—
	O.M.	—	—	5	6	—	5
1948-49	W.B.	4½	4½	—	—	—	—
	O.M.	—	—	4½	5½	9	7½

Note: W.B. —Wheat Board  
O.M. —Open Market  
H.G. —High grades 1, 2 and 3 Nor.  
L.G. —Low Grades  
O. —Oats

B. —Barley  
F. —Flax  
R. —Rye

## APPENDIX II

### Distribution of Excess Charges Refunds to Members from 1925

	Delivered Through Pool Elevators	Delivered Over Platform	Total Refund	Retained for Purchase of Deductions	Cash Refund
1925-26	2c Wheat; 1c C.G.	1½c Wheat; ½c C.G.	1941- 2c Wheat 42 1½c Flax 1c O.B. & Rye	1c Wheat ½c Flax ½c O.B. & Rye	1c Wheat ½c Flax ½c O.B. & Rye
1926-27	1½c All Grain	1c All Grain			
1927-28	1½c All Grain	1c All Grain	1942- 2c Wheat & Flax 43 1½c O.B. & Rye	½c All Grains	1½c Wheat & Flax 1c O.B. & Rye
1928-29	½c All Grain	½c All Grain	1943- 4.62c Wheat & Flax 44 4.12c O.B. & Rye	½c All Grains	4.12c Wheat & Flax 3.62c O.B. & Rye
			1944- 1½c Wheat & Flax 45 1c O.B. & Rye	½c Wheat & Flax ½c O.B. & Rye	½c Wheat & Flax ½c O.B. & Rye
			1945- 1.66c All Grains 46	1.66c All Grains	
			1946- 0.55c All Grains 47	0.55c All Grains	



### CHART OF THE SASKATCHEWAN WHEAT POOL ORGANIZATION

